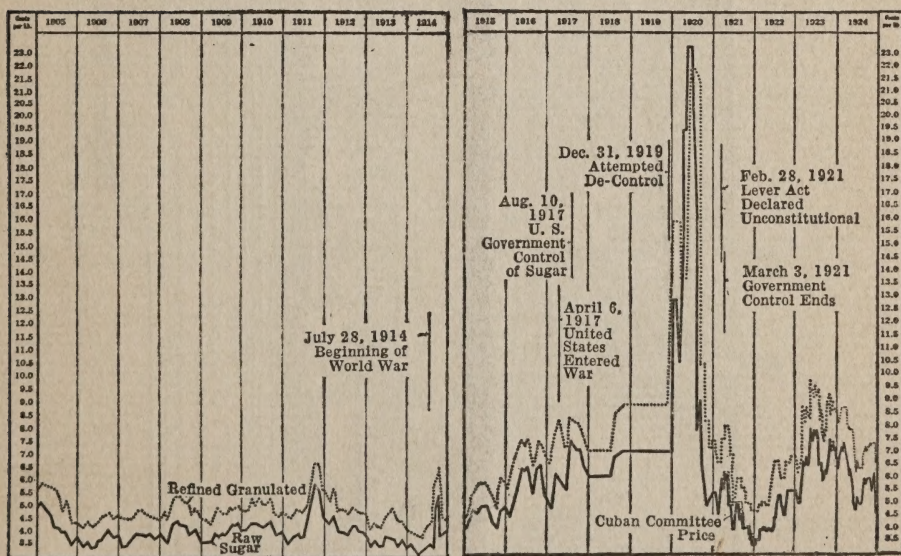


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The American Sugar Refining Company

Statement to Stockholders December 31, 1924

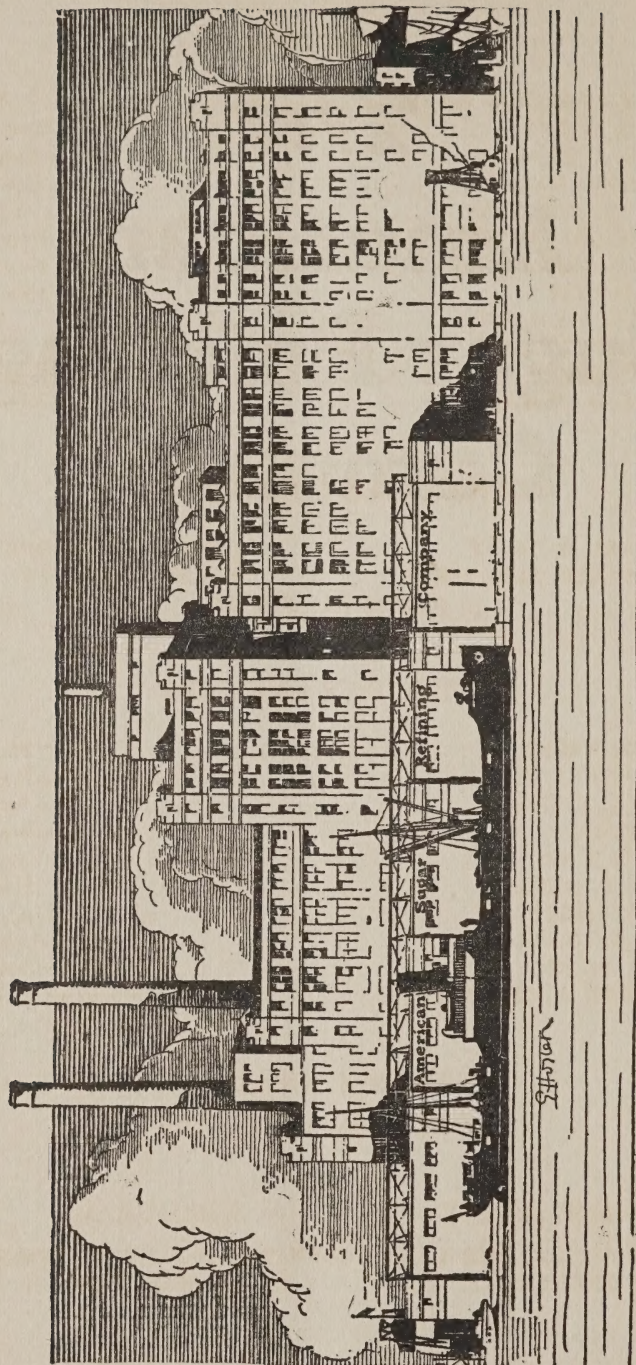


1905—1914

1915—1924

Prices of Raw and Refined Sugar

UNIVERSITY OF MICHIGAN



Baltimore Refinery, Baltimore, Maryland

Ground broken May 17, 1920 Started Melting April 3, 1922

338.8
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DIRECTORS

CHARLES FRANCIS ADAMS	Boston
EARL D. BABST	New York
VAN-LEAR BLACK	Baltimore
NEWCOMB CARLTON	New York
JAMES H. DOUGLAS	Chicago
W. EDWARD FOSTER	New York
SAMUEL McROBERTS	New York
FRED MASON	New York
JAMES L. RICHARDS	Boston
PHILIP STOCKTON	Boston
GUY E. TRIPP	New York
ALBERT H. WIGGIN	New York

EXECUTIVE COMMITTEE

EARL D. BABST	JAMES L. RICHARDS
SAMUEL McROBERTS	PHILIP STOCKTON
ALBERT H. WIGGIN	

EXECUTIVE OFFICERS

EARL D. BABST	President
W. EDWARD FOSTER	Vice-President
RALPH S. STUBBS	Vice-President
FRED MASON	Vice-President
ARTHUR B. WOLLAM	Treasurer
EDWIN T. GIBSON	Secretary
HENRY EDGCUMBE	Comptroller
DAVID H. GIBSON	Assistant Treasurer
LYNDE SELDEN	Assistant Treasurer
HOLBROOK G. CLEAVELAND	Assistant Secretary

GENERAL OFFICES

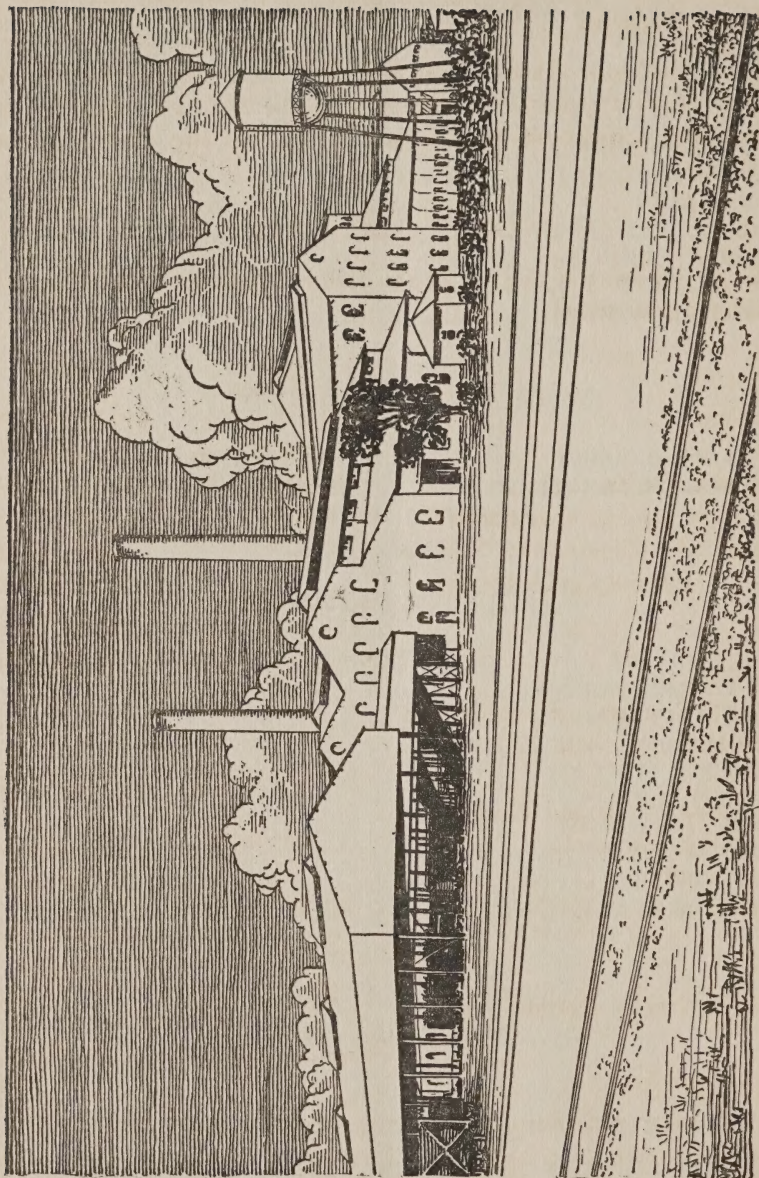
117 Wall Street, New York City

TRANSFER AGENT

NATIONAL CITY BANK
OF NEW YORK

REGISTRAR

CENTRAL UNION TRUST COMPANY
OF NEW YORK



Central Cunagua, Province of Camaguey, Cuba

Acquired November 15, 1919 Started Grinding March 16, 1918

December 31, 1924

To the Stockholders:

Supplementing the Annual Reports, it seems an appropriate time to give the stockholders a comparative statement of the financial, operating and merchandising activities of the Company for the last two consecutive ten-year periods.

INCOME ACCOUNTS

We set up below a contrast of the Income Accounts of the Company for each ten-year period:

	Period 1905-1914	Period 1915-1924
CREDITS:		
Operations	\$50,295,445.42	\$50,720,918.98
Interest	6,055,036.96	7,534,183.35
Investment Income	20,499,825.76	35,188,658.35
Profit from Sales of Investments...	4,660,317.17	11,687,529.73
Cunagua (A) Depreciation Reserve	—	4,029,365.83
(B) Surplus Undistributed	—	1,098,087.00
	<u>\$81,510,625.31</u>	<u>\$110,258,743.24</u>
DEBITS:		
Charges to Reserves and Surplus, a/c extraordinary losses and adjust- ments	\$24,630,553.22	\$22,911,757.58
Depreciation Plants and Equipment, including Cunagua.....	11,579,793.56	16,819,670.54
Bond Interest.....	—	5,400,000.00
Dividends	62,999,455.75	55,349,773.75
	<u>\$99,209,802.53</u>	<u>\$100,481,201.87</u>
Surplus increase or decrease.....	\$17,699,177.22	\$ 9,777,541.37
	<u>Decrease</u>	<u>Increase</u>

COMMENTS:

(A) Reserve and Surplus Accounts have increased \$9,777,541.37 against a decrease of \$17,699,177.22 in the previous 10-year period; (B) Total income increased about \$29,000,000 and averaged \$11,000,000 annually as against \$8,150,000; (C) Each item of income shows a gain.

DOMESTIC BALANCE SHEETS

In the annual report for the Stockholders Meeting, March 11, 1925, the Balance Sheet of the year may differ somewhat from the one now set up, which is before final adjustments and audit.

ASSETS:	December 31, 1914	December 31, 1924
Real Estate and Plants.....	\$48,704,895.92	\$62,195,977.11
Merchandise and Supplies.....	15,203,241.30	8,777,225.33
Prepaid and Deferred.....	254,864.81	3,144,801.48
Accounts Receivable.....	4,350,167.61	4,672,527.64
Accrued Income.....	480,123.55	161,822.89
Loans	5,137,275.00	21,248,097.87
Investments—General	29,768,070.13	25,981,420.98
Cash	19,110,779.16	31,221,407.40
Receivables, a/c 1920	—	5,030,260.41
	<u>\$123,009,417.48</u>	<u>\$162,433,541.11</u>
 LIABILITIES:		
Accounts, Taxes, Interest Payable..	\$3,894,895.45	\$5,422,968.96
Dividends Payable.....	1,594,926.00	811,521.75
Bonds due 1937.....	—	30,000,000.00
Capital Stock.....	90,000,000.00	90,000,000.00
Surplus and Reserves	27,519,596.03	36,199,050.40
	<u>\$123,009,417.48</u>	<u>\$162,433,541.11</u>

COMMENTS:

(A) On December 31, 1914, the Company owned stocks in Beet Sugar Companies of a book value of \$10,293,460.21. In the 10 years sales have been made at a profit of \$14,395,521.71, and we still own beet stocks of a book value of \$5,896,955.36. (B) As shown by Income Account the Company has charged off all determined losses amounting to \$22,911,757.58 incurred through repudiation, bankruptcy, loans and inventory of the war de-control period. The undelivered sales on the books of the Company, on a conservative volume of business, amounted to more than \$60,000,000 when the collapse of 1920 occurred. About 2,500 customers endeavored to avoid their contracts. There still remains as Receivables the amount of \$5,030,260.41, all being pressed for collection.

INCOME FOR LAST TEN-YEAR PERIOD SUFFICIENT FOR ALL DIVIDENDS

It will be noted that the Company has had net income sufficient to meet all charges, losses, depreciation, preferred dividends and to have maintained the ordinary 7% common dividend for the entire last ten-year period. It will be recalled that a total of \$7.50 was paid in 1918-20 in extra dividends on the common stock.

The Management since government de-control December 31, 1919, has kept continually before the stockholders the uncertainties as to operating earnings. By the middle of 1921 the financial commitments of the Company and the unsatisfactory outlook of the refining industry called for a conservative dividend policy. At the time, the refinery rehabilitation program was under way, the Baltimore refinery and Central Jaronu were under construction, nearly \$25,000,000 was still required to carry our customers under their 1920 contracts, the contracts themselves were being disputed, inventory losses were still to be taken as an incident of the unstable conditions. In view of these conditions and the uncertain outlook all dividends were omitted after July, 1921, on the common stock.

\$45,000,000 SPENT ON DOMESTIC OPERATING PROPERTIES IN LAST TEN YEARS

The active refineries 10 years ago were at Boston, Jersey City, Brooklyn, Philadelphia and Chalmette (New Orleans)—with the two reserve refineries, at Philadelphia and New Orleans. In Chalmette, the Company had a new refinery whose efficiency had not been fully developed by reason of nearly 200 Planters' Suits asking triple damages under the Sherman Law amounting to nearly \$200,000,000 and leading to several Ouster Suits by the State of Louisiana and to special legislation directed against the Company. This controversy resulted in closing the Chalmette refinery for prolonged periods. Furthermore, the Company was under a Dissolution Suit filed by the Federal Government.

Efficient refineries are vital. Ten years ago when the present management assumed responsibility, it was believed that the Company could refine as cheaply as competitors. In 1916 it developed, largely through competition for export, that the Company had only two refineries—Chalmette and Philadelphia—that could meet competitors. Your management, therefore, faced unexpectedly a vast rehabilitation program.

The rehabilitation program has been carried on vigorously and without interrupting operations. Aside from the Brooklyn refinery, which is about to be superseded, the refining efficiency of the Company has been brought to its highest point. The larger steps taken have included the following: 1. The settlement of the Louisiana litigation. 2. The settlement of the Federal Dissolution Suit. 3. Sale of the equipment and property of the reserve refineries at New Orleans and Philadelphia. 4. Closing and sale of equipment of the refinery at Jersey City. 5. Enlargement of the refinery at Boston. 6. Building of a new refinery at Baltimore. 7. Extensive changes and improvements in all refineries.

In this rehabilitation program, in maintenance, repairs, additions and improvements, including the building of the Baltimore refinery, and in ships, tank cars, molasses equipment and timber lands, the Company has expended the sum of \$45,000,000. This is entirely aside from the investment in Cuba.

CUBAN RAW SUGAR PROPERTIES PROFITABLE AND BENEFICIAL TO THE COMPANY

About 40% of the raw sugar refined in the United States is owned or controlled by our competitors. For example, The United Fruit Company owns properties in Cuba, producing the entire requirements of its Revere Refinery at Boston. The Hawaiian Planters own a very large refinery near San Francisco which substantially takes care of the Hawaiian crop. In varying degrees your Company meets similar competition in New York, Philadelphia, New Orleans and Texas.

To meet these changing competitive conditions, your Management in 1919 purchased Central Cunagua and subsequently developed as a pioneer enterprise Central Jaronu, the two plantations constituting one body of virgin land of about 500 square miles, capable of producing 1,200,000 to 1,400,000 bags of raw sugar, equal to about 12% of the average raw sugar requirements of your Company.

This step has been profitable and of great assistance to the Company in its merchandising. The income of Central Cunagua appears in the Income Accounts of your Company above. The balance sheet, as of the end of its fiscal year, is printed below.

BALANCE SHEET — CENTRAL CUNAGUA

June 30, 1924

ASSETS:

Lands, Railroad, Buildings & Equipment, less Depreciation	\$32,097,055.50
Cash on Hand and in Banks.....	227,517.02
Loans to Cuba Northern Rys. Co.....	505,249.67
Advances to Colonos.....	2,257,597.39
Accounts and Notes Receivable.....	487,300.76
Inventory—Sugar, Molasses and Supplies.....	4,579,043.72
Mortgages	55,000.00
Deferred Assets and Items in Suspense.....	40,953.14
	<hr/>
	\$40,249,717.20
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LIABILITIES:

Preferred Stock	\$7,500,000.00
Common Stock.....	7,500,000.00
Mortgage Indebtedness	1,221,000.00
Sundry Accounts Payable.....	1,104,551.45
The American Sugar Refining Company.....	19,714,758.28
Reserves and Surplus.....	3,209,407.47
	<hr/>
	\$40,249,717.20
	<hr/>

ADVERTISED PACKAGES FINE FORM OF COMPETITION MAKES PUBLIC FINAL ARBITER

Formerly, as is well known, the household sugar was largely of bulk packing. We have developed the sale of package sugar and table syrup under the trade names "DOMINO" and "FRANKLIN" with such success that the volume of Trade Mark packages now constitutes roundly one-half of our production that goes into the households.

This package development necessitated very large changes both in equipment and in refineries. The advantage of this business is its direct contact with the consumer. It gives the consumer a free choice.

SETTLEMENT OF FEDERAL DISSOLUTION SUIT

The Dissolution Suit filed by the United States Government in 1910 against the Company and against all the Companies in which it had any interest had, by the end of 1914, proceeded to the point of making a complete record of about 22 volumes of testimony, and was ready for hearing.

On December 20, 1922, the suit was disposed of by a final decree entered by the Government, with consent of the Company, dismissing the petition as to all parties excepting the National Sugar Refining Company, the Great Western Sugar Company, and the Michigan Sugar Company, in each of which your Company owned a minority interest. As to these companies, the decree enjoins your Company from securing any greater interest than it then had or from taking any part in their affairs. The Government further publicly approved the administrative conduct of the Company's affairs.

Since the entrance of this decree, your Company has sold all of its holdings in the Great Western Sugar Company.

STRONG FINANCIAL AND OPERATING POSITION ASSURES DIVIDEND ON COMMON WHENEVER EARNINGS WARRANT

In the last 10 years the Company has refined about 12,000,000 tons of raw sugar. Its sales of refined products have amounted to over two billion dollars (\$2,100,000,000), at a profit of 2 1/2% on sales or less than 1/5 of a cent on each pound of sugar handled. This is a sustained public service on as small, if not a smaller, margin of profit as that prevailing in any industrial field.

In the 10 years it has become the largest trade-mark package merchandiser in the country, has rescued the efficiency of its refining properties, has built the highly successful Baltimore refinery, has acquired one and developed another low cost Cuban plantation, has added about \$10,000,000 to surplus.

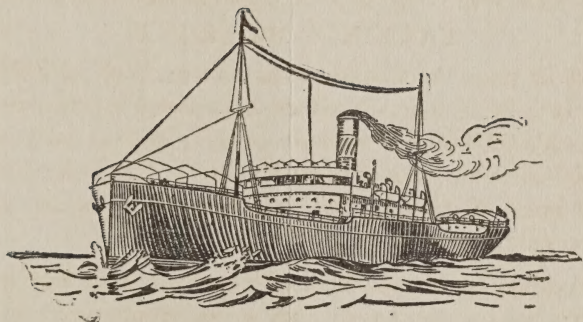
The passing of the common dividends, when examined in the light of the events of subsequent years, finds ample confirmation of the wisdom of the judgment then taken. By reason of its return from investments the Company has been able to work through four years of inadequate refining earnings to an increasingly strong financial position without modifying either its construction or rehabilitation program. At the close of 1924 it is in a strong liquid asset position with over \$31,000,000 in cash and no borrowings.

During much of the 10-year period the Company has been operating under unprecedented conditions. Today we seemingly are approaching more stable conditions with a level of prices involving less risk and more consistent with production costs. This means, if some unexpected change or interference does not occur, that sugar refiners again will have an opportunity to operate on a profitable basis. The Company is in financial position to resume a common dividend whenever conditions warrant.

By order of the Board of Directors

EARL D. BABST

President



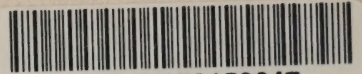
American Sugar Transit Corporation

Five Steamers

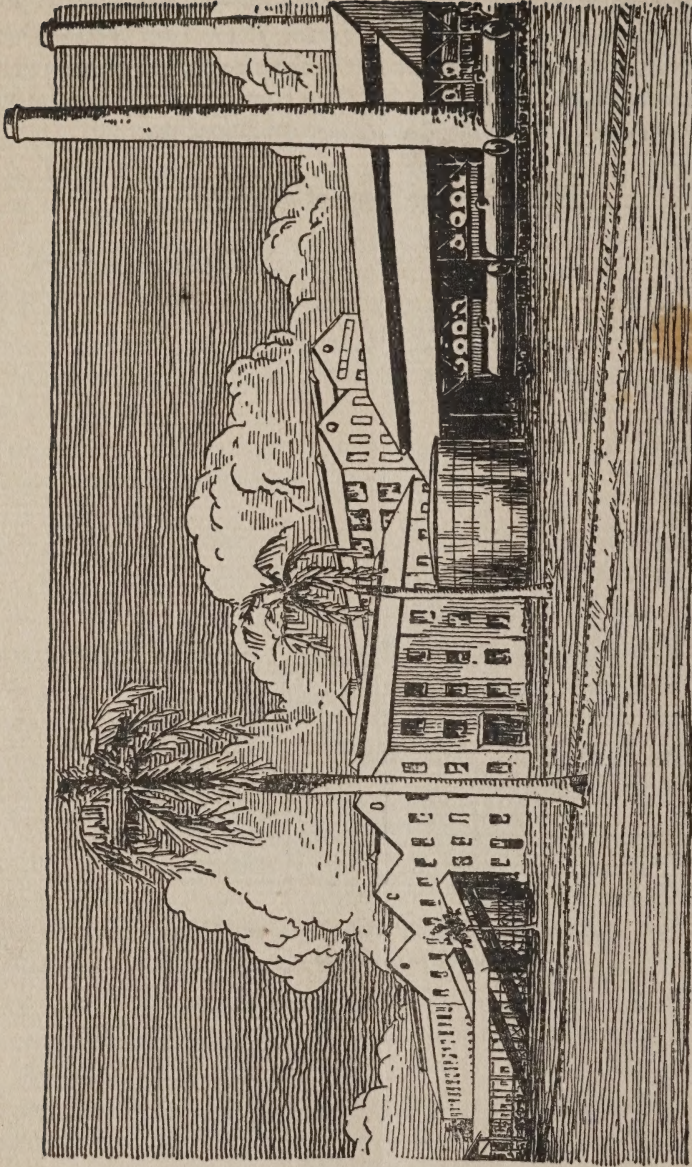
THE ILLINOIS

JAN 24 1925

UNIVERSITY OF ILLINOIS



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Central Jaronu, Province of Camaguey, Cuba
Ground broken March 24, 1920 Started grinding December 27, 1921